

Message Text

SECRET

PAGE 01 JIDDA 05170 071704Z

42

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 /031 W
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O 071655Z SEP 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC NIACT IMMEDIATE 8520

S E C R E T JIDDA 5170

EXDIS

PASS: TREASURY FOR SECRETARY SIMON

E.O.: 11652: GDS

TAGS: EFIN, SA, US

SUBJ: KING FAISAL'S VIEWS OF PURCHASE OF TREASURY IN-
STRUMENTS

REF : JIDDA 5157

1. AMEMBASSADOR ASKED KING FAISAL DURING AUDIENCE SAT-
URDAY, SEPTEMBER 7 IF A DECISION HAD BEEN MADE REGARDING
SAG PURCHASE OF TREASURY SECURITIES (REFTEL). KING SAID,
"YES", AND ROYAL ADVISOR RASHAD PHARAON ADDED THAT THE
KING'S INSTRUCTIONS HAD BEEN TO PURCHASE THREE BILLION
DOLLARS WORTH OF TWO CATEGORIES OF US SPECIAL ISSUES.
KING SAID THIS WAS ALL THAT THE CIRCUMSTANCES PERMITTED
SAG TO PURCHASE AT PRESENT.

2. FAISAL THEN ASKED "WHAT IS THIS I HEAR THAT RABIN
SAID HE WAS GOING TO THE UNITED STATES OF AMERICA TO
DEMAND FIVE TIMES THE AMOUNT OF US HELP ISRAEL GOT BE-
FORE THE WAR?" KING ASKED HIS FRIENDS THE AMERICANS
TO CONSIDER IF IT REASONABLE THAT SAG CONTRIBUTE TO
AMELIORATING THE US ECONOMIC SITUATION ONLY TO HAVE IT
SAID--OR WORSE TO LEARN AS A FACT--THAT THE USG WOULD
HELP ISRAEL WITH SUMS COMPARABLE TO WHAT SAG HAD PAID
FOR BOND PURCHASES.

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3. KING ANSWERED HIS OWN RHETORICAL QUESTION BY SAYING SUCH A DEVELOPMENT WOULD NOT BE TOLERATED IN THE ARAB WORLD. SAUDI ARABIA GREATLY APPRECIATED PRESIDENT FORD'S KIND LETTER--WHICH THE AMBASSADOR HAD JUST DELIVERED. THAT IS WHY, KING SAID, WE OWE IT TO PRESIDENT FORD AND OUR FRIENDS IN THE US TO STATE THAT OUR COMMON GOAL OF A JUST AND PERMANENT PEACE IN THE MIDDLE EAST CAN ONLY COME ABOUT IF US PUTS A STOP TO ISRAEL'S INTRANSIGENT AND EXPANSIONIST AMBITIONS. AFTER THIS, SPEAKING EARNESTLY, KING ASKED THAT SAUDI PURCHASE OF US SPECIAL ISSUES BE KEPT STRICTLY SECRET.

4. SENIOR US BANKING FIGURE INFORMED EMBASSY TODAY, SEPTEMBER 7, THAT WHILE STAYING AT DORCHESTER IN LONDON HE HAD BEEN TOLD BY MEMBER OF FAHD'S PARTY THAT SAUDI PURCHASE OF US SECURITIES WAS COMPLICATED BY US AID TO ISRAEL. FAHD'S ATTENDANT ALLEGEDLY SAID THAT SAG SHOULD REFRAIN FROM SUCH PURCHASES BECAUSE ARABS WOULD POINT TO ONGOING US AID TO ISRAEL AND CONCLUDE SAG WAS SIMPLY FINANCING ISRAEL'S ARMS PURCHASES FROM US. COMMENT: THIS WOULD SERVE TO EXPLAIN FAHD'S OPPOSITION TO PURCHASE OF TREASURY ISSUES, AS REPORTED IN JIDDA'S REFTEL.
AKINS

NOTE: NOT PASSED TREASURY BY OC/T.

SECRET

NNN

*** Current Handling Restrictions *** EXDIS

*** Current Classification *** SECRET

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